

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-06
CEA-01 PRS-01 PA-01 EUR-12 /098 W
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R 131901Z JAN 78
FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 9203
INFO AMEMBASSY BRIDGETOWN
AMEMBASSY GEORGETOWN
AMEMBASSY NASSAU
AMEMBASSY PORT

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E.O. 11652: N/A
TAGS: EFIN, JM
SUBJECT: BLACK MARKET OF U.S. DOLLARS

1. THE NEWSPAPER THE STAR IN ITS JANUARY 10 ISSUE REPORTED A BOOMING BLACK MARKET IN U.S. AND CANADIAN DOLLARS AT MONTEGO BAY. WIDESCALE TRADING AND HOARDING OF AMERICAN AND CANADIAN DOLLARS IN MONTEGO BAY REPORTEDLY PROMPTED A TOP-LEVEL MEETING OF LOCAL OFFICIALS TO TRY TO STEM WHAT IS BEING DESCRIBED BY THE MAYOR OF MONTEGO BAY, COUNCILLOR CECIL DONALDSON, AS "A VERY SERIOUS AND WORSENING CRISIS."

2. ACCORDING TO DONALDSON, JAMAICANS ARE SO DESPERATE FOR DOLLARS THAT THEY ARE PAYING UP TO J\$2.50 FOR ONE AMERICAN OR CANADIAN DOLLAR. HE REPORTED THAT SOME HOTEL FRONT DESKS WERE IN LEAGUE WITH FOREIGN CURRENCY AGENTS, AND THAT TRADING IN BLACK MARKET DOLLARS HAD BECOME FAR MORE PREVALENT SINCE THE BONANZA TOURIST BUSINESS DURING THE CHRISTMAS AND NEW YEAR PEAK PERIODS. HE SAID THAT WHILE THE
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RECORDS WILL SHOW A MARKED UPSWING IN THE ARRIVAL OF TOURIST VISITORS TO MONTEGO BAY, OFFICIAL FOREIGN EXCHANGE RECEIPTS WILL NOT RISE CORRESPONDINGLY.

3. COMMENT: WHETHER OR NOT A CASE CAN BE MADE FOR IMPORT LICENSING AND TIGHT EXCHANGE CONTROLS IN JAMAICAN'S BALANCE OF PAYMENTS CIRCUMSTANCES, THERE

IS NO QUESTION THAT THESE POLICIES, IN LIGHT OF THE
PROBABLY OVER-VALUED JAMAICA DOLLAR, WOULD MAKE
THE DEVELOPMENT OF A BLACK MARKET LIKELY. THE FACT
THAT THE APPARENT BLACK MARKET RATE (US\$1 EQUAL J\$2.50)
IS DOUBLE OR MORE THE OFFICIAL RATES (US\$1 EQUALS
J\$.91 AND J\$1.28 FOR THE OFFICIAL "BASIC" AND
"SPECIAL" RATES, RESPECTIVELY) RELECTS THE FACT
THAT A SUBSTANTIAL PART OF THE DEMAND FOR FOREIGN
EXCHANGE IS NOT MET BY SALES FROM OFFICIAL SOURCES.
IRVING

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Message Attributes

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Capture Date: 01 jan 1994
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Current Classification: UNCLASSIFIED
Concepts: MARKETS, BLACK MARKETS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
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Disposition History: n/a
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